

\*E-Filed: June 11, 2015\*

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

FITNESS ANYWHERE LLC,  
Plaintiff,  
v.  
WOSS ENTERPRISES LLC,  
Defendant.

Case No. 14-cv-01725-BLF (HRL)

**ORDER GRANTING PLAINTIFF'S  
MOTION FOR SANCTIONS**

Re: Dkt. No. 53

Fitness Anywhere LLC sues WOSS Enterprises LLC for patent infringement, federal trademark infringement, federal unfair competition, state unfair competition, and tortious interference with prospective economic relationships. Plaintiff moves for an order granting it monetary sanctions. Dkt. No. 53. Defendant filed an opposition, and Plaintiff filed a reply. Dkt. Nos. 68, 69. The motion is deemed suitable for determination without oral argument. The June 16, 2015 hearing is vacated. Civ. L.R. 7-1(b). Based on the moving and responding papers, the Court grants the motion.

**BACKGROUND**

Plaintiff filed suit in April 2014. Dkt. No. 1. The initial case management conference was held on October 2, 2014, and Plaintiff served its infringement contentions on Defendant on October 16, 2014. Dkt. No. 36; Villeneuve Decl., Exh. A. In its infringement contentions, Plaintiff alleged that eight WOSS products infringe three of its patents. Villeneuve Decl., Exh. A. The patents in suit are U.S. Patent Nos. 7,044,896; 7,806,814; and 8,043,197. *Id.* The eight

1 accused instrumentalities are: (1) 3000 Equalizer; (2) 3000 Stable; (3) Military Gym Style; (4)  
2 Military 1 in Trainer; (5) Military 1 1/2 in Trainer; (6) SST Suspension Trainer; (7) Titan 1 1/2 in  
3 Wide Strap; and (8) WOSS XT (collectively, “Accused Instrumentalities”).

4 The Accused Instrumentalities are fitness equipment with “foot loops,” in which the user  
5 places his or her foot while performing various exercises. In June 2014, Defendant redesigned the  
6 “foot loops” of each of the Accused Instrumentalities. Defendant disclosed this redesign when it  
7 issued its Responses to Defendant’s First Set of Interrogatories on March 9, 2015. *Id.* ¶ 6, Exh. 2.

8 After learning of the redesign, Plaintiff ordered, received, and examined one of the  
9 redesigned products. Plaintiff filed a motion to supplement its infringement contentions, which  
10 was granted. Dkt. Nos. 50, 70.

11 Between June 2014 and March 2015, Plaintiff prepared its infringement contentions and  
12 the parties participated in the claim construction process. This included the exchange of proposed  
13 terms for construction per Patent L.R. 4-1, the exchange of preliminary claim constructions and  
14 extrinsic evidence per Patent L.R. 4-2, and the preparation and submission of the joint claim  
15 construction and prehearing statement per Patent L.R. 4-3.

16 Plaintiff now moves for an order granting it monetary sanctions. Dkt. No. 53. Plaintiff  
17 requests that the court order Defendant and its counsel to reimburse Plaintiff for the fees  
18 associated with: (1) preparing and briefing its motion for leave to amend infringement contentions;  
19 (2) preparing amended infringement contentions; (3) participating in any necessary claim  
20 construction proceedings related to contested claim terms that have become material as a result of  
21 the change in the Accused Instrumentalities after June 2014; (4) and preparing and briefing the  
22 motion for sanctions.<sup>1</sup>

### 23 **LEGAL STANDARD**

24 Under Fed. R. Civ. P. 37(b)(2), “[i]f a party or a party’s officer, director, or managing  
25 agent—or a witness designated under Rule 30(b)(6) or 31(a)(4)—fails to obey an order to provide  
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27 <sup>1</sup> Plaintiff also requests the reimbursement of fees associated with arguing its motion for leave to  
28 amend its infringement contentions and motion for sanctions. However, the hearings for both  
motions have been vacated.

1 or permit discovery, including an order under Rule 26(f), 35, or 37(a), the court where the action is  
 2 pending may issue further just orders.” This includes the authority to order “the disobedient party,  
 3 the attorney advising that party, or both to pay the reasonable expenses, including attorney’s fees,  
 4 caused by the failure, unless the failure was substantially justified or other circumstances make an  
 5 award of expenses unjust.” Fed. R. Civ. P. 37(b)(2)(C).

6 Moreover, Civ. L.R. 1-4 provides: “Failure by counsel or a party to comply with any duly  
 7 promulgated local rule or any Federal Rule may be a ground for imposition of any authorized  
 8 sanction.”

9 Finally, “[c]ourts are invested with inherent powers that are governed not by rule or statute  
 10 but by the control necessarily vested in courts to manage their own affairs so as to achieve the  
 11 orderly and expeditious disposition of cases. [The Ninth Circuit] has recognized as part of a  
 12 district court’s inherent powers the broad discretion to make discovery and evidentiary rulings  
 13 conducive to the conduct of a fair and orderly trial.” *Unigard Sec. Ins. Co. v. Lakewood Eng’g &*  
 14 *Mfg. Corp.*, 982 F.2d 363, 368 (9th Cir. 1992) (internal quotation marks and citations omitted).

### 15 DISCUSSION

16 Defendant had an obligation to promptly disclose the redesign. “Except as exempted by  
 17 Rule 26(a)(1)(B) or as otherwise stipulated or ordered by the court, a party must, without awaiting  
 18 a discovery request, provide to the other parties: . . . (ii) a copy—or a description by category and  
 19 location—of all documents, electronically stored information, and tangible things that the  
 20 disclosing party has in its possession, custody, or control and may use to support its claims or  
 21 defenses, unless the use would be solely for impeachment.” Fed. R. Civ. P. 26(a). “Mutual  
 22 knowledge of all the relevant facts gathered by both parties is essential to proper litigation.”  
 23 *United States v. Johnson Controls, Inc.*, No. SACV 03-0028 DOC (ANX), 2008 WL 4601430, at  
 24 \*2 (C.D. Cal. Oct. 15, 2008) (quoting *Hickman v. Taylor*, 329 U.S. 495, 506-507 (1947)). The  
 25 federal rules of discovery “are designed to narrow and clarify the issues and to give the parties  
 26 mutual knowledge of all relevant facts, thereby preventing surprise.” *Shelak v. White Motor Co.*,  
 27 581 F.2d 1155, 1159 (5th Cir. 1978).

28 Moreover, Patent L.R. 3-4(a) required Defendant to produce “[s]ource code, specifications,

1 schematics, flow charts, artwork, formulas, or other documentation sufficient to show the  
2 operation of any aspects or elements of an Accused Instrumentality identified by the patent  
3 claimant in its Patent L.R. 3-1(c) chart.” “The rules are designed to require parties to crystallize  
4 their theories of the case early in the litigation and to adhere to those theories once they have been  
5 disclosed.” *LG Elecs. Inc. v. Q-Lity Computer Inc.*, 211 F.R.D. 360, 367 (N.D. Cal. 2002)  
6 (quoting *Atmel Corp. v. Info. Storage Devices, Inc.*, No. C 95–1987 FMS, 1998 WL 775115, at \*2  
7 (N.D. Cal. 1998)).

8 Thus, under both Fed. R. Civ. P. 26(a) and Patent L.R. 3-4, Defendant was obligated to  
9 disclose the Redesigned Products.

10 In addition, Plaintiff has been prejudiced by Defendant’s conduct. Plaintiff spent time and  
11 money preparing infringement contentions that addressed the Accused Instrumentalities pre-  
12 redesign. In addition, the parties have been engaging in the claim construction process for  
13 months, including identifying the claim terms requiring construction and proposing constructions  
14 for those terms. In determining what claim terms required construction and proposing  
15 constructions for those terms, Plaintiff was relying on its understanding of the operation of the  
16 Accused Instrumentalities. Plaintiff has been operating at a disadvantage because Defendant has  
17 known about the redesign and understands how the Accused Instrumentalities currently operate,  
18 while Plaintiff has not.

19 First, Defendant argues that Plaintiff has not pled Defendant’s “new products” in the  
20 complaint or amended complaint. This argument was rejected in the Order Granting Plaintiff’s  
21 Motion for Leave to Supplement its Infringement Contentions. *See* Dkt. No. 70, at 4. As  
22 explained in that order, Plaintiff sought leave to amend its infringement contentions to account for  
23 the new foot loops and D-ring. Plaintiff did not seek to introduce new products to this action.  
24 Rather, its amended contentions will address the same Accused Instrumentalities that have always  
25 been at issue.

26 Second, Defendant argues that it had no obligation to inform Plaintiff of the redesign  
27 before it did so. Specifically, Defendant argues that Patent L.R. 3-4(a) does not apply to  
28 Defendant’s redesigned product because the only Accused Instrumentalities that are or could be

1 identified in Plaintiff's Patent L.R. 3-1(c) chart are those that were put in issue by and identified in  
2 the complaint. This argument relies on Defendant's argument that the redesigned products are  
3 "new products" not covered by the allegations in the complaint or first amended complaint. As  
4 discussed above, this argument has been rejected by the court.

5 Third, Defendant argues that any expenses incurred by Plaintiff were self-inflicted.  
6 Defendant argues that Plaintiff's motion to supplement its infringement contentions was  
7 unnecessary and meritless. On the contrary, Plaintiff's motion to supplement its infringement  
8 contentions had merit, and was granted by the court. *See* Dkt. No. 70.

9 In addition, Defendant argues that Plaintiff's counsel did not attempt to meet and confer  
10 with Defendant's counsel to see whether the matter could be resolved without involving the court  
11 prior to filing the motion for leave to supplement its infringement contentions. However, Plaintiff  
12 was required to move for leave to amend its infringement contentions because Patent L.R. 3-6  
13 provides that amendment of infringement contentions may be made only by order of the court  
14 upon a timely showing a good cause.

15 Moreover, Defendant argues that Plaintiff could have requested any information it needed  
16 from Defendant regarding its redesigned products. According to Defendant, Defendant's counsel  
17 offered to provide Plaintiff with any such information and sent Plaintiff's counsel an email that  
18 included detailed drawings of the redesigned products. In addition, Defendant argues that it would  
19 have provided Plaintiff with samples of the Accused Instrumentalities upon request.

20 However, Plaintiff twice requested information sufficient to show the operation of any  
21 aspects or elements of the redesigned products about the Accused Instrumentalities. *See* Brucker  
22 Decl., Exhs. B and D. Defendant did not provide Plaintiff with any information beyond the three  
23 figures attached to the declaration of Michael Brucker as Exh. C before Plaintiff filed its motion  
24 for sanctions. Moreover, as noted in the Order Granting Plaintiff's Motion for Leave to  
25 Supplement Its Infringement Contentions, Dkt. No. 70 at 5, Plaintiff argues that it cannot rely on  
26 the drawings provided by Defendant because they differ from the actual accused instrumentality  
27 purchased by Plaintiff in multiple, significant ways.

28 Fourth, Defendant argues that Plaintiff has not cited to a legal basis for sanctions.

1 According to Defendant, absent the predicate court order regarding discovery with which  
 2 Defendant failed to comply, a sanction cannot be imposed under Rule 37(b)(2). Defendant also  
 3 argues that Local Rule 1-4 is not a basis for sanctions here because Defendant did not fail to  
 4 comply with any local rule or Federal Rule. As discussed above, however, Defendant failed to  
 5 comply with its obligation to disclose the redesigned products under Fed. R. Civ. P. 26(a) (which  
 6 provides the legal basis for imposing sanctions under both Fed. R. Civ. P. 37(c) and Civil L.R. 1-  
 7 4) and Patent L.R. 3-4 (which provides the legal basis for imposing sanctions under Civil L.R. 1-  
 8 4).

9 In addition, the court has authority to impose sanctions under its inherent power to impose  
 10 discovery sanctions “to manage [its] own affairs so as to achieve the orderly and expeditious  
 11 disposition of cases.” *Unigard Sec. Ins. Co.*, 982 F.2d at 368. Because Defendant has engaged in  
 12 duplicitous conduct by redesigning its products and failing to comply with both Fed. R. Civ. P.  
 13 26(a) and Patent L.R. 3-4, the court has inherent power to impose sanctions.

### 14 CONCLUSION

15 For the reasons stated above, Plaintiff’s motion for sanctions is granted. Within ten (10)  
 16 days from the date of this order, Plaintiff shall file an itemized proof of the time spent and fees  
 17 charged with sufficient detail to show that the time and charges were for (1) preparing and briefing  
 18 its motion for leave to amend its infringement contentions; (2) preparing amended infringement  
 19 contentions; and (3) preparing and briefing its motion for sanctions. Defendant may file  
 20 objections within ten (10) days thereafter. Once any objections have been ruled upon, Defendant  
 21 and its counsel shall reimburse Plaintiff for the approved fees.

22 Plaintiff also requests that Defendant and its counsel reimburse Plaintiff for the fees  
 23 associated with participating in any necessary claim construction proceedings related to contested  
 24 claim terms that have become material as a result of the change in the Accused Instrumentalities  
 25 after June 2014. Because the claim construction hearing is not scheduled to take place until July

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1 17, 2015, the court finds this request to be premature. Accordingly, this request is denied without  
2 prejudice.

3 **IT IS SO ORDERED.**

4 Dated: June 11, 2015

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7 HOWARD R. LLOYD  
8 United States Magistrate Judge  
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United States District Court  
Northern District of California